

## **Agenda Item VII-A. Update on Compliance Monitoring Reports and Activities**

### **Written Testimony**

#### **Dr. Matilda Saenz, former Administrator at Coastal Bend College (CBC)**

Chair Steen, committee members, THECB staff,

First of all, I would like to thank Mark Poehl and the rest of THECB staff for your "due diligence" in conducting such a thorough investigation into The "Nursing Shortage Reduction Program and Related Matters at Coastal Bend College."

When I first met with the State Auditors and Mark Poehl in May of 2018, I had no idea that working to bring Coastal Bend College back to health would take such a toll on so many good folks, students and faculty.

It's important for the committee to know today that we have spoken out in an attempt to "speak truth to power." I knew almost immediately when beginning my position of Interim Vice President of Instruction and Economic Development that integrity was not an accepted "Core Value" at CBC. This important omission has led in great part to the lack of trust in working with faculty and to the subversion of the nursing faculty's authority in the Grade Change issues. Students' grades were changed without faculty authorization and without my own authorization as Chief Academic Officer. These grades changes were final grades for transcript notation, an authority which belongs solely to the faculty. It is still unbelievable to me that CBC's administration would do such a thing and continue to defend their actions to date.

Sadly, the CBC Board of Trustees have not heard us and have not moved to correct these egregious actions. We hope that your committee members will heed the sounds of our alarm and recognize that the actions of CBC administrators cannot set precedent for other community colleges to follow suit. The integrity of our hard working faculty cannot be disparaged by administrators who seek higher enrollments at any cost.

Respectfully,

Matilda Saenz

## **Agenda Item VII-A. Update on Compliance Monitoring Reports and Activities**

### **Written Testimony**

#### **Dr. Beatriz Espinoza, President of Coastal Bend College**

We're here today under trying circumstances for our community and our college, as you can imagine, and you should know that we take the review and findings of the Coordinating Board and your staff seriously.

However, we believe they should also be taken in the proper historical context and perspective.

Just a few years ago, CBC was on the brink of financial collapse – with debt rising and costs in excess of \$2 million. In order to return to sound financial footing, a number of not very popular decisions had to be made. Some, such as eliminating the long-time aviation airframe and mechanics program cut deep into the community psyche. If you've ever seen the film Top Gun, you know that we have a long and storied history of aviation in our community.

For those of you who don't know, in one of the closing scenes, Richard Gere says he wants to go to Beeville, Texas and learn to fly jets! Those days are behind us, sadly, but we at Coastal Bend College believe our brightest and best days are before us!

We no longer manufacture airframes of any kind in the community and the program was eliminated. Those changes have created difficulty, but they have also helped refocus and direct us to unprecedented growth.

This past fall, enrollment was and we are on sound financial footing – with over \$5 million in reserves.

With these dramatic challenges as the backdrop, we then began to look at our own operations, and we had already identified a few of the issues your auditors turned up and had already undertaken corrective actions. Since your visit in November, we've implemented a number of remediations intended to address the recommendations you've made, including:

- Grade Change policy
- Procurement Card process

To be clear, we don't agree with all of the findings or recommendations, but because of the challenges we are operating within and the costs associated with contesting some of your findings, we chose to return \$260,287 in grant monies. It was too difficult to substantiate our position with supporting documents and data from the findings. A few of the findings, we believe, are out of context and should be considered within the

environment of the change we've been undergoing, the relative proximity our community has to the urban service centers to support and, frankly, the nature of our small community generally.

For the purpose of your background, I would encourage you to read the complete and full response that we've provided to staff, but that were only tangentially referenced in your documents. We believe they will provide additional insights for your consideration.

Our response notwithstanding, we do take your recommendations and findings very seriously and that is why we took immediate corrective actions and why we had already begun the process of putting new accounting controls and processes in place... we're can't do much about the past, but we're working toward the future

Thank you and we appreciate your understanding

## **Agenda Item VII-A. Update on Compliance Monitoring Reports and Activities**

### **Written Testimony**

#### **Dr. Elizabeth Simonson, Former Coastal Bend College Faculty Member**

On November 20, 2018 your report was on the Agenda CBC Board of Trustees. The Board proceeded to hold an illegal Executive Session, where they spent three hours discussing the report behind closed doors "line by line" as stated by Trustee Taylor Thomlin. The Board of Trustees then held an illegal executive session, which I objected to, at the November 29, 2018 Workshop where Dr. Espinoza was reported to have said afterwards she had put the board members in their place. December 18, 2018, the Board of Trustees took no action but allowed the president to report on progress; and again the Board failed to act at the January 15, 2019 meeting.

Coastal Bend College Board of Trustees has not taken any public action to address the problems raised by your auditor's report. I believe that the problems at Coastal Bend College are enormous and it will require outside action to get the problems fixed. I appreciate the actions of THE-CB, and hope the investigation and recommendations continue.

As a member and past president of the now defunct Faculty Senate of Coastal Bend College, I can personally speak to the atmosphere of intimidation and the fear expressed by people not willing to speak to the auditors. Dr. Espinoza non-renewed Faculty Senate members, including officers, until she was able to shut down the Senate. People who filed successful grievances against the administration were non-renewed as well. The Board of Trustees has been complicit or incompetent in oversight of Coastal Bend College.

## **Agenda Item VII-A. Update on Compliance Monitoring Reports and Activities**

### **Written Testimony Stephanie Moreno, Bee County Judge**

Commissioner, Chairman, and Committee Members

Thank you for the opportunity to speak to you today. My name is Stephanie Moreno. I am a resident in the Coastal Bend College (CBC) service area, a voter and tax payer in the CBC district, a CBC alumn, and I am the County Judge in Bee County.

Today, you will review a report and management letter regarding Coastal Bend College. This report and letter has created six months of turmoil at our small Beeville campus. Although only two issues were addressed in the report concerning a lack of grade change policies and errors in financial reporting, the six month "investigation" created an atmosphere of distrust in our community. A group of disgruntled employees launched several allegations against the administration, many of which your auditor will inform you were unfounded and not included in the final report. The "investigation" was conducted in a way that seem highly unconventional. In fact, although the report focused on policy and financial concerns, the College President was never interviewed or given a chance to discuss these concerns until after the investigation was complete and a draft of the final report was disseminated to board members and ultimately leaked to the public. The issuance of a "management letter" that the auditor admits is wholly outside of this agency's jurisdiction is puzzling, argumentative, and in direct contradiction to other audits. A statement by your public relations officer to the local news media included the suggestion that criminal activity was discovered and turned over to law enforcement agencies. To date, two months later, the CBC administration has received no communication from law enforcement regarding a criminal investigation stemming from the audit. Additionally concerning is that the College administration was not ever provided a list of those interviewed during the six month investigation so that the College could provide the auditor information regarding the clear bias and vendetta of some of these individuals. I sit on board like each of you, that oversees compliance monitoring by a state agency. I am disappointed in the way this investigation was handled.

None of this is to say that Coastal Bend College does not have issues to address. In the CBC response, you will see that most of the issues identified were already in the process of being reviewed. In our small community it is incredibly difficult to find qualified individuals who are trained to take on public finance. Our local community college has been without a CFO for quite some time, and these issues arise from a situation that many rural communities face throughout the State of Texas. The mission of Texas Higher Education Coordinating Board is to provide leadership and coordination for Texas higher education and to promote access, affordability, quality, success, and cost efficiency..." In speaking to the Commissioner and your staff regarding this audit and in reading the report and management letter, I do not feel leadership or coordination. Instead, the tone of this investigation and the findings is ridicule and judgment.

I am here today because I hope that in the future, that you can find ways to assist smaller jurisdictions that do not have the resources of our big universities. These community colleges are the backbones of our rural cities and counties. We rely on their success to provide a gap in education from high school to a four-year university as well as job training for our local businesses. Without these schools, we would not have economic development in rural Texas and in turn would not have the success we see though out the State.

## **Agenda Item VII-A. Update on Compliance Monitoring Reports and Activities**

### **Written Testimony**

**Dela Castillo, former Chief Financial Officer and current board member**

Dear Honorable Chair John Steen, Jr. and The Higher Education Coordinating Board Committee on Agency Operations Board Members,

Thank you for allowing me this opportunity to provide a written submission for the meeting today. My name is Dela Castillo, I am a newly elected board member for Coastal Bend College. I am writing this letter from my point of view and do not speak on behalf of the Coastal Bend College board of trustees.

First, I would like to extend my sincere appreciation to the investigation team for their extensive time and work given to our beloved college in Beeville for these past eight months. As with any investigation, sometimes the results are not always the best; however, it provides a starting point at which corrective action can be taken for the betterment of the institution. I would like to personally commend the auditing and compliance staff of THECB for the tireless efforts and professional rapport throughout the investigation process where I had the opportunity to be privy to. Mr. Mark Poehl has continuously been professional during the process from the first time I met him and Ms. Robinson-Hall.

In my previous role as the CFO for Coastal Bend College I had many dealings with THECB and always held the utmost respect for the institution as our regulatory agency. I know the Coordinating board requires the most stringent standards for community colleges in the state of Texas and continues to provide guidance and support for our educational institutions. Because of my past dealings with THECB I know the integrity that is woven into the institution and the importance of the regulatory role it undertakes. Because of all these things I know this investigation was not favored by all; however, it was required to help our college address issues that need to be corrected. I applaud the efforts of the Coordinating board in helping our college, which will further help our students, staff, and community. Bee County is a lovely community that takes pride in our college and we want it to be successful, not only so our community can prosper, but so our students, economy, and taxpayers can too.

As a board member for one of the fifty community colleges in Texas I am proud of our successes at Coastal Bend College. We have a 3.7-year average time to an associate degree with a 70% part-time student ratio. We understand the need to provide academic and technical courses for our students and are proud of our dual credit students who are 30.2% of our total enrollment. We are serving a 69.1% Hispanic student population where 820 degrees and certificates were awarded in FY2017; in turn helping the 60X30TX state initiative. Our faculty and staff are some of the best in the state with an impeccable work fortitude and resilience. I am proud to be a trustee for Coastal Bend College and I can't express my gratitude enough to the THECB staff and board members for the important work you do every day. Thank you for helping our college!